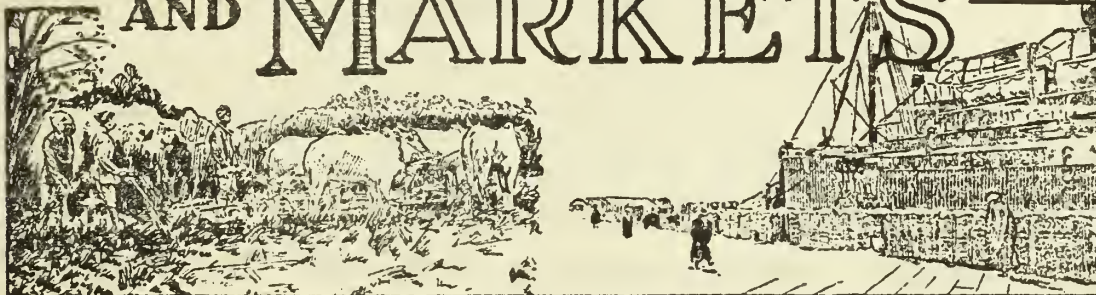


Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

FOREIGN CROPS AND MARKETS



MISS R. B. CRAVEN
FOREIGN AGRICULTURAL SERVICE
BUREAU OF AGRICULTURAL ECONOMICS
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

ISSUED WEEKLY BY
THE FOREIGN AGRICULTURAL SERVICE
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

VOL. 31

September 3, 1935

NO. 10

FEATURE ARTICLE

AGRICULTURAL CREDIT IN ITALY

IN THIS ISSUE

	Page
Canadian wheat prospects further reduced.....	287
Russian wheat crop expected to be above 1934.....	288
Russian grain harvesting retarded.....	289
European cotton textile situation less satisfactory.....	291
France has smaller apple and pear crops.....	293
Syrian apricot crop below 1934.....	294
European wool situation less favorable.....	294

L A T E C A B L E S

Belgian estimates for area and production of crops in 1935

reported as follows with 1934 figures in parentheses: Area, wheat 386,600 acres (385,000), rye 525,000 (544,000), potatoes 402,000 (393,000), sugar beets 130,000 (132,000), flax 66,000 (34,000), hops 2,000 (2,170), tobacco 8,000 (7,000); production, wheat 13,779,000 bushels (14,322,000), rye 19,251,000 (20,802,000), potatoes 101,669,000 bushels (116,793,000), sugar beets 1,742,000 short tons (1,771,000), flaxseed 354,000 bushels (270,000), flax fiber 61,729,000 pounds (45,333,000), hops 4,409,000 pounds (3,871,300), tobacco 15,432,000 pounds (14,202,000). (International Institute of Agriculture, Rome, August 26, 1935.)

Hungary crop estimates for 1935 reported as follows with 1934 figures in parentheses: Potatoes 749,000 acres (717,000), 51,220,000 bushels (77,848,000), sugar beets 109,000 acres (93,000), 742,000 short tons (874,000). (International Institute of Agriculture, Rome, August 26, 1935.)

England and Wales hops acreage in 1935 estimated at 18,000 acres compared with 18,037 acres in 1934. (Agricultural Attache E. A. Foley, London, August 30, 1935.)

C R O P A N D M A R K E T P R O S P E C T S

BREAD GRAINS

Summary of recent information

There have been no new official estimates of wheat production received during the week, and 1935 production in 39 countries reporting remains at 3,019,000,000 bushels. In 1934 these countries harvested 2,852,760,000 bushels, or about 84 percent of the total world crop, excluding Russia and China.

Estimated rye production in the 12 countries reporting also remains unchanged from a week ago at 484,655,000 bushels. This is about 13 percent above production in these countries in 1934.

The week passed without any improvement reported in the Argentine situation and it now appears that wheat production in that country will be well below last year. Planting dates are now passed and some of the acreage not sown to wheat will probably be put into corn and flaxseed. Further deterioration in the Canadian crop was reported due to rust, frost, and drought, and a crop not far different from last year now appears probable. Unofficial estimates place the wheat crop in the exporting regions of Russia somewhat above last year when, however, yields were low.

Although import requirements of wheat this year are not likely to be greatly different from last year, the shift in the source of export supplies from the southern hemisphere to Canada places that country in a commanding position with respect to determination of prices. In the past Canada has regulated wheat exports so as to prevent any undue pressure on price, though this policy was not always effective when export supplies from the Argentine were large.

Canadian wheat prospects further reduced

A cable from the Dominion Bureau of Statistics at Ottawa indicates that the drought has been broken in the Maritime Provinces and that harvesting is progressing under favorable conditions throughout eastern Canada, with fair yields of spring grains reported and condition of growing crops promising. In Manitoba a heavy infestation of rust has reduced both the yield and the grade to a point where it is difficult to determine what part of the crop will be worth threshing. Undoubtedly many fields will not be harvested and yields on remaining fields are estimated at from 5 to 12 bushels per acre. A large part of southeastern and east central Saskatchewan is also infested with

CROP AND MARKET PROSPECTS, CONT'D

rust, but damage is apparently not so severe as in Manitoba. The crop in southwestern Saskatchewan has also suffered from drought.

Light rains were reported throughout the Prairie Provinces except in southwestern Saskatchewan and eastern Alberta. The crop in the latter province is fair but cutting has just commenced and the harvest is being retarded by rains. Heavy damage from frost occurred in northern Alberta, particularly around Grand Prairie. Frost damage was also reported from west central Saskatchewan. The greater part of the wheat crop in Saskatchewan is cut and threshing has commenced in Manitoba.

Larger Russian wheat crop expected

The 1935 wheat crop in the Soviet Union is unofficially estimated to be 100,000,000 bushels larger than last year, according to information available in the Foreign Agricultural Service Division. While definite final figures as to last year's production are not available, it appears that the crop was of about average size for post-war years. The increase in wheat production this year seems to be confined largely to the export regions near the Black Sea ports and for this reason an export movement of as much as 50,000,000 bushels might develop, especially if stimulated by firm prices in the world wheat market.

FEED GRAINS

Summary of recent feed-grain information

The 1935 barley production in 24 countries reported to date totals 997,933,000 bushels compared with 916,219,000 bushels in the same countries in 1934. The first estimate of the barley crop in Belgium is 4,868,000 bushels, which is about 1 percent above the 1934 production, and indicates the largest harvest since 1921. In Estonia the crop is estimated at 4,960,000 bushels, a decrease of 6 percent from the harvest of last year and a little below average. The crop in Turkey, estimated at 59,295,000 bushels, is unusually small, being 31 percent below the 1934 harvest and 17 percent below the past 5-year average. The area sown to barley in England and Wales is placed at 793,000 acres, or 8 percent below the acreage of last year.

The 1935 oats crop in 18 countries so far reported totals 1,952,397,000 bushels compared with 1,313,558,000 bushels in those

CROP AND MARKET PROSPECTS, CONT'D

countries a year ago. The first estimate of the oats crop in Belgium is 45,539,000 bushels, which is about 3 percent below that of 1934, and 6 percent below the past 5-year average production. In Estonia the oats crop, estimated at 9,714,000 bushels, is about 12 percent below that of last year. The oats crop in Turkey, placed at 17,736,000 bushels, is unusually large, indicating an increase of 78 percent over the 1934 harvest, and 84 percent over the 1930-1934 average. The 1935 area sown to oats in England and Wales is 1,416,000 acres, which, although about 10 percent below average, is slightly larger than that of last year.

The 1935 corn production in 6 countries reported to date totals 2,639,437,000 bushels against 1,730,762,000 bushels in those countries last year. The first estimate of the corn crop in Rumania is 212,586,000 bushels, about 11 percent above the 1934 harvest, and 4 percent above the past 5-year average production. In Hungary the crop is placed at 57,871,000 bushels, which is about 30 percent below the 1934 harvest and 21 percent below the 5-year average. In Turkey the crop, estimated at 18,857,000 bushels, is nearly 49 percent larger than a year ago and 6 percent above average.

Russian grain harvesting

The agricultural measures promulgated by the Soviet Government in recent months were all directed toward one end: To harvest the crop in a minimum of time and with a minimum of loss of grain. Considering the progress of the harvest from this point of view, it is apparent that, to date, the chief aims are still short of realization. According to official information of the Commissariat of Agriculture, the 1935 harvesting campaign in the Soviet Union moves on at a somewhat slower pace than had been anticipated. On August 5 a grain area of only about 100,000,000 acres had been cut, or 48 percent of the total acreage sown to cereals. This is almost 6,000,000 acres less than was reported cut on August 5, 1934. The lagging behind last year is being emphasized in the Soviet press in view of the fact that, at the present time, the collective farms are better organized and technically better equipped than in any previous season.

In 1934 the harvesting operations, particularly harvesting by machines, were rendered difficult by the short and irregular stand and uneven ripening of the grain. Such factors, in the main, were absent during the present season in the Crimea, Dnepropetrovsk, and North Caucasus, where the cutting of grain is already completed. The cereal crop this year was about a week later than last year in ripening, and rains in July also were responsible for slowing up the work in the fields. However, these conditions were not considered sufficient to

CROP AND MARKET PROSPECTS, CONT'D

justify the slow progress of work. The main cause was the fact that, in the southern regions, many collective farms failed to take proper advantage of the greater number of combines and other equipment intended for the mechanization of the harvesting work. According to Soviet authorities, this explains the delay in bringing in the harvest and the considerable harvesting losses. a/

Work of combines

It is stressed by a well-known Soviet agriculturist that efficient work of a combine, where large-scale farming is practiced, is one of the best guarantees of reduced grain losses and of a shortened harvesting campaign. b/ Outstanding difficulties of the present campaign are attributed to the inefficient utilization of the combines and also to the widespread tendency of avoiding their services altogether. The first is probably due to a lack of proficiency on the part of some combine operators; the second may be traced, in part at least, to the unwillingness of the collectives to make payments in kind for such services to the machine-tractor-stations which own and operate the combines. On July 31, in a number of regions such as the Crimea, Dnepropetrovsk, Gruzia, and Azerbeidzhan, the combines over-fulfilled their plans, but in a vastly greater number of more important agricultural regions they lagged behind. In the Kursk region 2,306,000 acres were cut, or 36 percent of the plan, while the combines of the same region carried out only 8 percent of their program. In Chernigov this relationship stood at 65 to 10 percent; in Saratov at 42 to 12 percent; in Stalingrad at 16 to 37 percent, and in Azovo-Chernomorsk at 91 to 78 percent.

The same tendencies became noticeable in the eastern regions at the very outset of the harvesting season. By way of combatting these, the Government promulgated a decree on August 4, to the effect that 1,650 of the best and most experienced combine operators who had completed their work in the south should be transferred east. The importance of this decision lies not so much in the area which will be harvested by this group, as in the proper pace which they are expected to set for all the combine operators of the eastern regions. This measure indicates also the significance which the Government attaches to the work of the combines, particularly in the east, where difficulties were encountered during the harvesting season of 1934.

Threshing

Failure to bind and shock the grain after ripening is frequently noted, and there is a considerable disproportion between the acreage cut

a/ Pravda, August 6, 1932.

b/ Professor Iakushkin, Socialist Agriculture, August 12, 1934.

CROP AND MARKET PROSPECTS, CONT'D

and the quantity threshed. On August 5, threshing of the grain amounted to 31 percent of the harvested area compared with 35 percent on August 5, 1934. An area of 34,392,936 acres, or 95 percent of the total sown acreage, had been harvested in the Ukraine on August 5. Of this amount only 38 percent was threshed. In such regions of the Ukraine as Kiev, Chernigov, Vinnitza, and Kharkov, where in the order of the regions named 88, 81, 89, and 99 percent of the sown area had been cut, the respective threshing percentages stood at 21, 13, 21 and 23. In the words of the official press "this means that a great quantity of harvested grain was still in the fields in sheaves and shocks, subject to damage and shattering."

Grain procurements

Grain deliveries on the basis of the 1935 grain tax in kind have just begun and figures concerning the July plan have not yet been published. Early information indicates that in certain parts of the country the delivery of the grain tax is being delayed. From the Soviet point of view, the slow progress in threshing reflects an undesirable attitude of the collectives toward the state grain procurements. ^{a/} In the past this attitude expressed itself in the insistence of the collectives on fulfilling the grain procurements only after they satisfied their own needs. One of the ways of carrying this out was to divide among the members of the collective farms a greater percentage of newly threshed grain than they were entitled to. Such practices have come to notice during the present season. According to the Model Constitution of the collective farms, not more than from 10 to 15 percent of the threshed grain may be distributed among the collectivized peasantry in the form of advances. The remainder is to be distributed among them only after they have discharged their obligations to the state. Any infringement upon these provisions is considered inimical to the interests of the Soviet Government. Attempts are being made now to prevent the spreading of such practices during the months of August, September, and October when the grain procurement campaign is at its height. It is for this reason that the Soviet press stresses once more the idea that the timely payment of the 1935 grain tax should be considered by the collectivized farmer as his most important obligation to the Soviet Government.

COTTON

Continental European cotton textile situation less satisfactory

The continental European cotton textile situation showed unsatisfactory developments during the month of July in that both current sales

^{a/} Socialist Agriculture, August 6, 1935.

CROP AND MARKET PROSPECTS, CONT'D

- - - - -

by the industry, taking the Continent as a whole, and mill occupation apparently declined as compared with June, according to L. V. Steere, Agricultural Attache at Berlin. Prospects for the near future are that there will be a continuance of these less favorable tendencies in Central Europe, but possibly some gradual improvement in western European countries.

Cotton mill sales of yarns and fabrics during the month of July showed a further slight decline in Germany, where the cotton industry is not only hampered by raw material problems but also by some decline in consumer demand incident to rising retail prices. New orders continued very unsatisfactory in Czechoslovakia where the export problem remains the heart of the industry's difficulties.

The situation in Austria also showed an unfavorable turn in July, with difficulties in export sales to Rumania and a decline in domestic demand the chief contributing causes.

In western Europe, on the other hand, July developments have been more favorable. Business in both yarn and cloth, while quiet in France, remained of fair volume and, but for the political disturbances, probably would have maintained the previous tendency toward improvement. The deflationary policies of the French Government, however, are considered a grave social and economic threat, and developments in the cotton textile industry, not to mention others, depend extensively upon the Government's success in enforcing its emergency measures. Business in the Belgian cotton industry remained favorable, and the industry in Italy continued to benefit from the armaments program and other war preparations.

July buying of raw cotton by continental spinners and merchants on the whole seems to have shown a certain pick-up as a result of somewhat increased buying activity by the principal users, France, Germany, and Italy. The stability of the market throughout the month favored increased commitments. Germany was reported to have purchased a substantial quantity of near-at-hand American cotton against payment in foreign currency, as well as an appreciable quantity of exotic cottons for later shipment against payment in Reichsmarks.

Continental spinners' takings showed a small but not significant rise in July as compared with last year, but the total for the cotton year remained at very low levels.

Deliveries of American cotton to continental spinners, season ended July 31, 1933-1935.

	1932-33	1933-34	1934-35
	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>1,000 bales</u>
Bremen	1,689	1,487	640
Other Continent .	2,530	2,639	1,853
Total Continent .	4,219	4,126	2,493

CROP AND MARKET PROSPECTS, CONT'D

The latest available official figures on raw cotton imports into 13 continental countries (Spain not included) show imports of 4,850,000 bales since August 1, 1934, as against 6,450,000 bales in the same period last year. Of the decline of 1,600,000 bales, some 1,535,000 occurred in Germany, Italy, France, and Czechoslovakia.

The price position of American cotton relative to other growths has shown no significant changes recently. Egyptian Uppers have advanced considerably in relation to American and thus partly lost some of the advantage gained in previous months. Prices of Indian cotton in relation to American have continued to recede slightly. The "basis" of American cotton has shown little change as compared with a month ago, a slight drop of about 10 points being recorded for most positions.

Raw material difficulties continue to be a crucial point in the situation in Germany, and it is understood that foreign exchange is allotted only for the purchase of cotton for producing goods for export. In addition there have been recent unfavorable developments in consumer purchasing power. Prices of important consumer goods, including textiles, have risen faster than total incomes.

Total German imports of cotton for the eleven months ended June 30 were about 1,050,000 bales against 1,750,000 bales in the same period last year. The respective imports of American cotton were 330,000 and 1,215,000 bales. In addition, stocks of raw cotton at Bremen on August 12 this year were only 175,000 bales compared with 419,000 bales a year ago and 474,000 bales in August 1933.

FRUIT, VEGETABLES, AND NUTS

France has smaller apple and pear crops .

Considerably smaller apple and pear crops are expected in France than last season and export crops in nearby countries such as Switzerland and Belgium have deteriorated in the past month, according to a cable from the American Embassy at Paris. Since the Spanish orange crop is expected to be smaller, too, it appears that supplies of European fruit on the French markets during the 1935-36 season will be materially under last year. Whether France will import more American apples and pears than in 1934-35, when the exports from the United States to France amounted to 1,043,000 bushels of apples and 297,000 bushels of pears, will depend upon the license taxes imposed and the size of the quotas allotted the United States.

C R O P A N D M A R K E T P R O S P E C T S , C O N T ' D

- - - - -

Apricot and apricot kernel prospects in Syria

Trade reports indicate that the 1935 apricot crop of Syria, while about average, is a little smaller than the crop of 1934, according to a communication from the Paris office of the Foreign Agricultural Service. The dried output is thought to be smaller than 1934. Egypt is the principal market for Syrian dried apricots.

Opening prices of bitter apricot kernels were considerably higher than those of last year. Sales have been made at 300 to 305 francs per 100 kilos (\$9.02 to \$9.17 per 100 pounds), cost and freight Marseille, and 325 francs (\$9.77 per 100 pounds), cost and freight Hamburg.

- - - - -

LIVESTOCK, MEAT, AND WOOL

Danes view British pork import proposals unfavorably

The British proposal to import larger quantities of foreign cured pork, under a system of import duties, has been received unfavorably by Danish farmers, according to Vice-Consul E. Gjessing at Copenhagen. If permitted imports were increased 20 percent, a figure suggested as a possibility, the new proposal would mean an opportunity to export the equivalent of 85,000 hogs per week against the present rate of 70,000 hogs per week. The proposed plan contemplates the application of a duty of 10 shillings per hundredweight (2.2 cents per pound), the proceeds of which would be utilized in the interest of British hog producers. Danish agricultural interests see lower market prices resulting from the proposed quota increase, which they say would cause considerable losses to Danish farmers. The present Anglo-Danish treaty prevents the application of import duties on cured pork. Great Britain, therefore, cannot alter the cured-pork import-control program to utilize import duties without the consent of Denmark and other countries having similar treaty arrangements.

Continental European wool situation less favorable

The firm tendency of wool and wool products' prices in the first half of July somewhat stimulated general buying activity on the Continent, but the subsequent declines in prices were equally effective in dampening business sentiment in the second half, according to L. V. Steere, Agricultural Attache in Berlin. The obstacles in the way of obtaining raw material in Germany and Italy likewise contributed to quietness in July, when the seasonal tendency in activity is normally downward. Mill occupation, the Continent taken as a whole, has not changed significantly from a month ago. Seasonal revival may normally be expected to set in in the early fall.

September 3, 1935. Foreign Crops and Markets

CROP AND MARKET PROSPECTS, CONT'D

In France quiet trading in noils and wool, with only occasional pick-ups in the case of fine type top, continued throughout July. The industry is fairly well occupied and a fair amount of domestic and export business was booked by worsted spinners and by weavers during the month. Toward the end of July, and early in August, incoming new orders fell off and summer quietness in business became pronounced.

Satisfactory conditions continued to obtain in the Belgian wool industry in July. Spinners as well as weavers and hatmakers were well supplied with unfilled orders and occupation of these plants was very good. July trading in washed wool and top was quiet, with exports to Germany and Italy almost at a standstill, but at the beginning of August German demand revived as a result of the new payment agreement concluded between Germany and Belgium. Trading in noils was active throughout July because of good demand from hatmakers.

The Italian wool market and textile situation continues to reflect Italy's preparation for difficulties in East Africa. Prices for wool and wool products continued firm throughout July and early in August, though business in foreign top and wool remained limited. A very strong demand and firm prices prevailed in the market for domestic wool, notably for types suitable for military goods. Since import purchases of foreign wool and top have been restricted for many months, while there has been good business in domestic wool and noils, it would appear that mill operations in the woollen spinning section should have gained relative to activity in the worsted spinning branch. This assumption is borne out by recent figures on mill activity. Thus, occupation in woollen spinning establishments during the first five months of the current year was considerably above the corresponding months of 1934, while worsted spinning activity was greatly below last year. Weaving mill occupation in recent months has also risen considerably as compared with the same period a year ago.

Wool textile mill operations and mill sales in Germany during July continued along the somewhat reduced lines reported last month. Shortage of raw material and slackening in retail sales remained dampening influences on mill occupation. Stocks of top with commission combors continued their downward trend through July, the scarcity of fine material showing up in the relatively larger reduction in merino top stocks than in crossbreds. According to recent reports, the special wool compensation and payment agreements concluded between Germany and South Africa last season have resulted in a considerable relative increase in German takings from South Africa, and Germany, formerly the third largest importer of South-African wool, ranked first in 1934-35.

AGRICULTURAL CREDIT IN ITALY a/

The present system of Italian agricultural credit is the outcome of a long legislative process which began before the unification of the Italian States and which has not yet been completed. Despite the fact that mortgage credit had been available in Italy for many years prior to the middle of the last century, disastrous financial conditions were prevalent throughout the Italian countryside when the United Kingdom of Italy was formed in March 1861. Foreign and civil wars had spread misery and destruction on the Italian farms, while the new political and economic transformations were responsible for the increase in various forms of taxation. Farmers were in dire need of credit and were an easy prey for rapacious usurers, as well as victims of the extortionate demands of their landlords. Thus, from the early stages of its formation, the new Italian nation was confronted with the problem of organizing land credit to alleviate the misery of its farming masses, and today, after some 75 years of experimentation, changes are still being made in the agricultural credit system.

At present, agricultural credit in Italy is granted by three types of institutions: The mortgage company, the agricultural credit institution, and the cooperative agricultural credit bank or association. Each type of institution has its own history and has developed along its own lines; yet each plays an important part in the agricultural credit structure of present-day Italy. All three institutions and their credit operations are separately discussed in the following pages. Moreover, to help grasp the importance of each form of credit, those historical phases which form the background of each type of institution are also considered and interpreted in the light of present-day conditions.

Land Mortgage Credit

For a clear understanding of the development of Italian mortgage credit, a differentiation should be made from the outset between mortgage credit (*credito fondiario*) and agricultural credit (*credito agrario*). In Italy, mortgage companies specialize in loans on real estate of both rural and urban nature, whereas agricultural credit institutions deal exclusively in agricultural loans, i.e., those granted especially for the development of agricultural production and the improvement of farms.

Before beginning the discussion of mortgage credit in modern Italy, it is helpful to note that this form of credit was granted by authorized institutions on the Italian peninsula as early as the beginning of the 17th century, i.e., some 250 years prior to the unification of the Italian States. The oldest Italian credit institution authorized to grant farm mortgage loans was the Monte dei Paschi di Siena, or bank for the pasture lands of Siena, in Tuscany. It was founded in 1624 and operated with government funds emanating from the sale of debentures returning 5 percent interest and guaranteed originally by the "gabella" or salt tax. Among other old Italian institutions which granted mortgage credit, although not specializing in it, the most important were the Monti di Pietà or welfare

AGRICULTURAL CREDIT IN ITALY, CONT'D

banks organized in the various Italian States in the 16th century; the Banco di Napoli (said to be the oldest credit institution now in existence in Europe); the Tavola di Palermo, established in Sicily in 1778; and the Cassa di Risparmio di Lombardia (or Savings Bank of Lombardy), organized in Milan in 1823, which was among the first of the Italian savings banks to grant farm mortgage credit. a/

Development of mortgage credit in modern Italy

In the early sixties, the newly-formed Italian Government sought to increase the lending capacity of the existing mortgage credit institutions and began enacting legislation for this purpose. During the following 25 years, three main systems of mortgage credit were attempted. The first, known as the system of zones, was organized by the law of June 14, 1866, which granted a monopoly to five of the oldest credit institutions to deal in mortgage credit. b/ The country was divided into five zones or areas of operation with each lending institution operating in one zone. These organizations were authorized to make long- and short-term loans only on first mortgages up to 50 percent of the value of the mortgaged property and to issue land debentures yielding 5 percent interest. Reserves were compulsory, and the value of the debentures in circulation could not exceed that of the outstanding loans. In 1880, some 15 years after the system of zones had been in operation, the total mortgage debt (urban and rural) in Italy was estimated at 6,000,000,000 lire (about 1,200,000,000 gold dollars) of which only 250,000,000 lire (about 50,000,000 gold dollars) represented farm loans. At the end of 1884, the latter had reached 408,000,000 lire (about 81,500,000 gold dollars), while mortgage loans on real estate of an urban nature were estimated at over 7,000,000,000 lire (about 1,400,000,000 gold dollars). c/

The results of this first attempt clearly showed that the system of zone monopoly had not benefited the rural districts to any great extent. Two main reasons for such a condition were, first, that nothing in the law was advanced to favor rural credit and, second, that the authorized institutions continued to deal largely in urban credit as they had previously done. A new system was inaugurated when the zone monopoly was abolished and the number of mortgage institutions was increased with the view of putting more funds at the disposal of the rural classes. The law of February 25, 1885, created what was termed the national system, according to which any private institution or group could enter the mortgage business provided it possessed a capital of not less than 10,000,000

a/ Giacomo Acerbo, "Storia ed Ordinamento del Credito Agrario nei Diversi Paesi," Piacenza, 1929, pp. 106-108.

b/ From 1861 to 1866, several attempts were made to create a centralized system of mortgage credit under government control. The formation of a mortgage company patterned on the lines of the Credit Foncier of France was also tried, but the scheme failed.

c/ Giacomo Cerbo, op. cit., pp. 111-118.

AGRICULTURAL CREDIT IN ITALY, CONT'D

lire (about 2,000,000 gold dollars) and provided it did not issue land debentures in excess of 10 times its paid-in capital. However, although new mortgage companies sprang up following the passage of the law, only 486,000,000 lire (about 100,000,000 gold dollars) were loaned on rural property during the 4-year period 1886-1889. Banks and mortgage companies became too heavily involved in building operations in large cities, while farmers' interests were overlooked. The Government soon realized that this second system was not entirely satisfactory and work on new credit legislation was started.

Encouraged by the success of the French mortgage company of the Credit Foncier de France, the Italian legislators again decided to experiment with a similar centralized credit institution. The laws of July 17, 1890, and May 6, 1891, provided for the creation of the Mortgage Credit Company of Italy (Istituto Italiano di Credito Fondiario), a bond and mortgage company similar to the Credit Foncier of France. This new organization was given the right to grant mortgage credit over all the kingdom, while all other banks and credit companies were forbidden to make loans outside their respective original territories. It was thus intended to have the new Istituto handle mortgage loans in cities and to large landowners in the country and to require the smaller credit institutions and the savings banks to devote their loan funds to small farmers in their respective neighborhoods. The new company was given a 15-year monopoly to operate throughout the kingdom and it was hoped that it would absorb the mortgage business of the existing companies during that period. This monopoly privilege was given the new company on the condition that it would raise a capital of 50,000,000 lire (about 10,000,000 gold dollars) within the first three years following its formation. At the close of this 3-year period, however, the company failed to raise the required capital and lost its monopoly privilege in 1894. ^{a/} Since that year, the system of plurality of mortgage companies and non-limitation of areas of operation has prevailed.

Italian mortgage companies are governed at present by the stipulations of the law of July 16, 1905, which codified all previous legislative measures on mortgage credit enacted since 1866. According to this basic law of 1905, mortgage companies are authorized:

- (1) To grant long-term loans (from 10 to 50 years) to urban and rural borrowers up to 50 percent of the value of the mortgaged property.
- (2) To issue land debentures to the extent of 10 times the paid-in capital. At no time, however, could the value of the debentures in circulation exceed that of the outstanding loans.

^{a/} Myron T. Herrick and R. Ingalls, "Rural Credits, Land and Cooperative," New York, 1914, pp. 139-145.

AGRICULTURAL CREDIT IN ITALY, CONT'D

The same law of 1905 also stipulated that Italian mortgage companies must operate under strict government supervision.

Number of mortgage companies in operation

From 1894, when the system of plurality of mortgage companies was put into effect, to the end of 1920, there was a steady decrease in the number and the credit activities of the Italian mortgage institutions (see table on page 319). While the World War caused the reduction from 1914 to 1920, two main reasons were responsible for the decrease in Italian mortgage activities from 1894 to 1913: First, the speculative activities of the companies (especially in urban real estate) and, second, the development of agricultural credit institutions. The former wrecked a few companies during the crises that occurred in that period, whereas the latter reduced the activities of the remaining mortgage companies by diverting operations pertaining to agriculture to the agricultural credit institutions. Since 1922, however, Italian mortgage companies and their activities have been increasing. At the end of 1934, there were 12 mortgage companies operating throughout Italy (see table on page 319). The value of their debentures in circulation at that date amounted to 6,103,000,000 lire and that of their outstanding loans to 6,136,000,000 lire. a/

It is interesting to note that at the end of 1934 farm mortgage loans amounted to 2,391,000,000 lire, or over 38 percent of all mortgage loans then outstanding in Italy. The table on page 320 shows: (1) That, during the 5-year period 1930-1934, the total number and value of all mortgage loans have been on the increase; (2) that, unlike the case of loans on real estate of an urban nature, the number of farm mortgage loans made during that period had a downward tendency; (3) that, although they have decreased in number during the last 5 years, individual farm mortgage loans have increased in average value; and (4) that the 5-year average value of individual farm mortgage loans is higher than that of urban mortgage loans.

Government aid to mortgage borrowers

With the advent of the present depression, the Italian Government adopted special measures designed to alleviate the burden of both the rural and urban mortgage borrowers. This government aid consisted of two main phases: Extension of the period for the repayment of loans, and lowering of interest rates.

The extension of the period for the repayment of loans was first authorized for farm mortgage loans only. The decree-law of September 17,

a/ Due to the fact that this figure includes prewar lire of 19.3 cents, and, since the war, lire of fluctuating values, it was not possible to convert it into dollars.

AGRICULTURAL CREDIT IN ITALY, CONT'D

1932, empowered the mortgage credit institutions to extend the last 4 half-yearly installments (that had fallen due and had not been paid) by converting them into 20 half-yearly installments payable within a 10-year period beginning January 1, 1935. Complementing this decree-law, that of October 19, 1933, stipulated that in case the borrower could not afford the necessary expenses involved in the conversion procedure, the mortgage company would lend him such funds to be repaid by an increase of not more than 0.3 percent in the half-yearly installments. Finally, another decree of February 12, 1934, gave mortgage borrowers (both urban and rural) the right to obtain another extension for the repayment of their loans. Thus, according to the stipulations of this decree, borrowers on farm mortgages could repay their loans within a period of 50 years (no matter what their original agreement stipulated), whereas in the case of those borrowing on real estate of an urban nature the maximum extension period was fixed at 40 years.

The next step was that of relieving mortgage borrowers from the payment of interest rates which, although considered fair in normal times, became burdensome during the depression. This conversion of the rate of interest on mortgage loans was greatly facilitated by making use of the stipulations of the old mortgage credit law of December 22, 1905. This law applied to all mortgage loans (rural and urban) and recognized the borrower's right to repay in advance any debt formerly contracted at a high rate of interest and to obtain at the same time a new loan of the same amount at the prevailing lower rate of interest. In other words, the purpose of the law seems to have been to insure the mortgage borrower, during the whole period of the loan, the lowest rate of interest quoted at any given time. The decree-law of September 18, 1934, provided that all mortgage companies as well as the National Consortium for Agricultural Improvement Credit (which is discussed on page 312) should replace all their debentures issued at rates higher than 4 percent by debentures bearing an annual interest of 4 lire for every 100 lire of nominal value. Holders of debentures who refuse to accept this change are to be refunded the nominal value of their bonds; and, since the rate of interest on mortgage loans cannot exceed that of the debentures plus the operating charges, a substantial advantage may be gained by mortgage borrowers from the application of this law. a/ This will also benefit farm mortgage borrowers, since about one half of all mortgage loans covered by debentures bearing interest rates in excess of 4 percent (estimated at about 4,000,000,000 lire) relates to rural property. b/

a/ While these stipulations work for the benefit of the borrower and do not really affect the lending institution (which pays to the stock and debenture holders the same interest it receives from its borrowers), they are not advantageous to the holders of debentures, who are guaranteed a fixed rate of interest as long as the debentures remain in circulation.

b/ G. Costanzo, "System of Agricultural Credit in Italy," Monthly Bulletin of Agricultural Economics and Sociology, International Institute of Agriculture, Rome, 25th year, No. 10, October 1934, pp. 437-38.

AGRICULTURAL CREDIT IN ITALY, CONT'D

It should be inferred from the above that as long as the decree-law of September 18, 1934, remains in force, interest rates on all mortgage loans (new and old) made in Italy cannot exceed 4 percent. However, although not yielding a high interest rate (especially when compared with other Italian securities) debentures issued by mortgage companies have the reputation of being a sound investment. For this reason they form a good portion of the investments of the savings banks as well as the more conservative elements of the population. It is not surprising, therefore, that they usually are quoted at par or above.

While it is difficult to predict the future course that farm mortgage loans will take in the next few years in Italy, it is probable that these loans will continue to increase as long as the program of long-time agricultural improvements is in progress.

Agricultural Credit a/

In the late sixties, while mortgage credit was still in its early experimental stage, Italian statesmen realized that, if and when perfected, this type of credit could not be of great help to the poor, small holders that form the largest group of the Italian farming population. Such farmers needed small loans payable at shorter periods and it was not long before the concept of credit made exclusively in favor of agriculturists was to take shape. It should be mentioned at the outset, however, that, whereas the Italian Government's help to mortgage companies consisted mainly in the enactment of legislation providing order and security in the system, in the case of agricultural credit this kind of aid was supplemented by direct financial subsidy.

The agricultural credit institution in present-day Italy is characterized as "special" or as "authorized" according to whether it is partly or wholly subsidized by the Government and operates under its strict supervision, or is privately owned and operates in accordance with the various agricultural credit laws enacted in Italy. On December 31, 1934, there were 13 "special" agricultural credit institutions scattered throughout Italy with outstanding short- and long-term loans amounting to 1,881,000,000 lire. At the same date, some 160 "authorized" credit institutions had outstanding loans amounting to 327,000,000 lire, of which 315,000,000 lire were granted on short- and medium-term loans.

Three important periods may be said to have marked the development of the present system of Italian agricultural credit. The first or exploratory period came to an end in 1897; the second, or experimental phase, lasted some 30 years from 1898 to 1926; the third period began in 1927 and is still in progress. For the purpose of clear presentation, Italian agricultural credit is discussed here in the chronological order of these three periods.

a/ Cooperative agricultural credit is not discussed under this heading. It forms the subject of the third and last section of this study (see pages 314 to 318).

AGRICULTURAL CREDIT IN ITALY, CONT'D

The exploratory stage: Early period to 1897

The first law dealing with the subject of agricultural credit in Italy (as distinct from mortgage credit) was enacted on June 21, 1869. This law gave power to the Government to authorize the formation of agricultural credit institutions empowered to issue bearer bonds designated as buoni agrari to raise funds for their working capital. At first, the impetus given by the law resulted in the rapid growth of agricultural credit institutions (4 in 1870 and 14 in 1875), scattered mainly throughout northern Italy. After a few years, however, it was found that, except for loans of very short periods, the use of bonds payable at sight was not a very practical way of raising funds. In the best years, the total credit activities of the institutions did not reach 30,000,000 lire (about \$6,000,000), while the bonds in circulation at the end of any one year never exceeded 12,000,000 lire (about \$2,400,000). Another reason for the failure of this system of buoni agrari was its unattractiveness to the investing public, since, according to the stipulations of the law, it could not yield more than 6 percent interest. During the same period, returns on government bonds were in the neighborhood of 9 percent, while those on industrial and commercial stock averaged between 10 and 16 percent. a/ These reasons militated for the reduction of the activities of the agricultural credit institutions with the result that usury again began to infest the Italian countryside.

In 1886, a government commission was set up to study the situation. It submitted its findings in the latter part of that year. The law of January 23, 1887, which was based on the results of this investigation, is considered as the cornerstone of the Italian agricultural credit system, as it introduced the concept of real security in agricultural credit operations. Up to 1887, real security existed only for mortgage loans and was of benefit mainly to large landowners. The small holder who wanted a small loan repayable at a short period and who was not willing to mortgage his farm, could not borrow even by offering his products for security. b/ To increase the borrowing power of both the small and the large landholders, the new law instituted what came to be known as the conventional agricultural lien (privilegio agrario convenzionale) and the special property lien (privilegio immobiliare speciale). The first authorized agricultural credit institutions to make loans to small farmers on their products or their warehouse receipts. The second enabled landowners to borrow funds on the improvements made on their farms (aside from any mortgage loans previously made on the farm alone). Another feature

a/ Giacomo Acerbo, op. cit., pp. 114-115.

b/ This difficult situation arose, first, from the Italian Civil Code of the time, which did not provide enough protection for lenders on agricultural products; and, second, from the decrease in value of agricultural products. However, lending on warehouse receipts was being practiced by the newly-formed cooperatives in favor of their members.

AGRICULTURAL CREDIT IN ITALY, CONT'D

of the law, which, however, was never made use of, was that authorizing agricultural credit institutions to issue debentures for the building up of their working capital.

While the law of January 23, 1887, introduced new concepts which were to be very useful for the development of Italian agricultural credit in later years, it did not bring immediate relief to the credit situation in the Italian countryside. Even ten years after the law was in operation conditions had not improved and the Government turned to newer methods with the hope of bettering the situation.

The experimental phase: 1898 - 1926

This second phase was characterized by the development of legislation intended to create agricultural credit institutions financed partly by the Italian Treasury and partly from the large funds existing in Italy's banks of issue. However, the type of institutions created, as well as their financing, varied with the region in which they were situated.

Agricultural credit institutions of southern Italy: The first of the government subsidized agricultural credit institutions created in the southern part of Italy was the Cassa Ademprivile. It was formed by the law of August 2, 1897, with a government contribution of 3,000,000 lire (about 600,000 gold dollars) and, after having undergone various transformations, has come to be known today as the Agricultural Credit Institution for the three provinces of Cagliari, Nuoro, and Sassari (Istituto di Credito Agrario per le tre province di Cagliari, Nuoro e Sassari).

By the law of July 7, 1901, the savings department of the Bank of Naples was authorized to grant agricultural credit. It used 2 percent of its savings deposits for this purpose and relied on funds advanced by the State and other credit institutions cooperating with it in southern Italy for much of the remainder of its working capital. The law of July 15, 1906, authorized the formation of Provincial Agricultural Credit Associations (Casse Provinciali di Credito Agrario) in several Italian provinces of the South. Their working capital was made up of a direct government subsidy and other government funds advanced at 4 percent interest for a period of 25 years and their management was committed to the care of the Bank of Naples.

Agricultural credit was officially introduced in Sicily when the law of March 29, 1906, authorized the formation of the Special Department of the Bank of Sicily (Sezione Speciale del Banco di Sicilia). a/ The

a/ In 1887, the Bank of Sicily had set aside the sum of 2,000,000 lire (about \$400,000) to be devoted to agricultural credit operations. These funds found little use, however, and in 1904, the Bank introduced a system of small-sized loans (not exceeding 500 lire or about \$100) granted to small farmers at 4 percent. This system proved a success and in 3 years loans of this type increased from 406,000 to 1,303,000 lire (i.e., from \$80,000 to \$260,000). Giacomo Acerbo, op. cit., p. 121.

AGRICULTURAL CREDIT IN ITALY, CONT'D

same law also created the system of intermediate companies to grant agricultural credit in the various southern regions and the Bank of Sicily was empowered to make direct loans to farmers only in those sections where there were no such intermediate companies. It is to be noted, however, that the working capital of the Special Agricultural Credit Department of the Bank of Sicily was raised without any State subsidy.

The intermediate agricultural credit companies soon became quite numerous in Sicily, and reached 42 at the end of 1907. In the meantime, some of the provincial agricultural credit associations created in southern Italy by the law of July 15, 1906, and managed by the Bank of Naples, had been grouped into regional associations for the granting of short-term loans. The existence of these two types of agricultural credit institutions brought some confusion in the distribution of agricultural credit, besides the fact that they came into direct competition with each other. A law of 1910 brought order into the situation by stipulating that the intermediate agricultural companies could not merge and should continue to operate under the guidance of the Special Agricultural Credit Department of the Bank of Sicily.

While the Bank of Sicily was thus becoming the most important source of short- and medium-term agricultural credit in southern Italy, it did not possess the necessary means for extending long-term credit. This condition was remedied, however, when the law of June 7, 1920, authorized it officially to grant long-term credit. Funds for the latter came from the capital of the intermediate agricultural companies, as well as a State subsidy of 10,000,000 lire (about \$2,000,000). Moreover, the same law authorized the Bank to issue debentures to the extent of 10 times the total funds raised for the granting of long-term credit (a power which it has never exercised).

Agricultural Credit in central and northern Italy: The rich regions of this part of the country did not have to rely on government subsidy to as great an extent as did the southern districts. Agricultural credit was granted mainly by the large commercial and savings banks. In a few instances, however, some agricultural credit institutions were created with government help. Thus, as early as 1902, the law of June 21 of that year authorized the creation of the Agricultural Credit Institution of the Province of Latium (Istituto di Credito Agrario per il Lazio) with power to grant short- and long-term agricultural credit in the province of Latium. It was a government subsidized institution which met with success and which, since 1923, has become the Agricultural Credit Institution of Central Italy (Istituto di Credito Agrario per l'Italia Centrale) thus extending its agricultural credit operations to include the provinces of the Marche and Umbria.

The law of July 6, 1912, authorized the formation, in the province of Liguria, of an agricultural credit institution which took the name of Istituto di Credito Agrario per la Liguria. This was also a government subsidized institution.

AGRICULTURAL CREDIT IN ITALY, CONT'D

In 1920, the Consorzio Fra Casse di Risparmio e Banche Popolari was formed with power to extend short-term loans to agriculturists in the Venetian provinces. The law of May 4, 1920, which authorized the organization of this institution, stipulated that the rate of interest on its loans should not exceed 4 percent. The State obligated itself to pay the difference between this rate and the official discount rate, for a period of 5 years, up to a maximum of 1,500,000 lire a year. a/ In 1922, however, the Section of Agricultural Credit of the Federal Credit Institute in the Venetian provinces was substituted for the original Consorzio. The latter's funds, together with the credit facilities of the Federal Credit Institute were made available to the new Section of Agricultural Credit.

Developments from 1922 to 1926: Sixty years after the formation of the Italian Kingdom, the agricultural credit system of Italy was still extremely complicated. More than 50 years of legislative action had failed to create a standard type for the granting of credit in rural Italy. Lack of uniformity in the methods used in the various regions as well as within the same region was generally taken for granted. After the World War, however, new problems had arisen which required more systematic action, and early in 1922 it was decided to overhaul the agricultural credit system by adopting some standard method of operation to be generalized throughout Italy. This was first attempted by the decree of April 9, 1922, which defined the following three categories of loans to be used in agricultural credit operations throughout the country: b/

- (1) Loans for "current cultivation needs."
- (2) Loans for "agricultural improvement."
- (3) Loans for "land-agricultural improvement."

The first type of loan, that used for "current cultivation needs," referred to advances made to farmers or agricultural associations on farmers' notes or warehouse receipts for general farming operations, as well as the processing of products on the farm, the purchase of farm machinery and draft animals, and the repayment of current debts. These loans were repayable within a year and corresponded to short-term loans. The same decree of April 9, 1922, also stipulated that the rate of interest to be paid on loans for current cultivation needs could not exceed that fixed by the Ministry of National Economy. However, in order to encourage the credit institutions to deal in agricultural credit under such conditions, the banks of issue were authorized to rediscount agriculturists' notes at 1 percent lower than the official discount rate.

a/ Giacomo Acerbo, op. cit., p. 124.

b/ It is typical of the Italian agricultural credit system that loans are classified according to the use made of the money borrowed and not to the period of repayment.

AGRICULTURAL CREDIT IN ITALY, CONT'D

Under the heading of loans for "agricultural improvement" were included advances for improvement works on farms, such as irrigation and drainage operations and the erection of silos, barns, fences, etc. These loans were to be repaid within a maximum period of 5 years and corresponded to our medium-term loans. The security required was, as a rule, similar to that for current cultivation needs: i.e., farmers' notes.

Loans for "land-agricultural improvement," on the other hand, referred to advances made for permanent land improvement, such as the subdivision of large estates into small holdings, the development of rural roads, etc. The mortgage certificate was the usual security required on such loans. It should be noted, however, that some confusion had resulted from the use of loans for "agricultural improvement" and those for "land-agricultural improvement," as it was not always an easy matter to determine whether a loan belonged to one or the other category.

The granting of all three types of loans was a privilege enjoyed only by the few agricultural credit institutions organized by special laws. The two agricultural credit companies of Liguria and Latium were authorized to grant loans only for current cultivation needs and agricultural improvement; whereas the intermediate agricultural credit companies of Sicily and the provincial agricultural credit associations operating under the direction of the Bank of Naples were not allowed to grant any loans other than those for current cultivation needs.

The innovations introduced by the decree of April 9, 1922, brought some order into the complicated agricultural credit system. However, with the political and economic troubles which overtook Italy in 1922 and 1923, the credit institutions were not always willing to grant loans for land-agricultural improvements: i.e., long-term loans. Funds for this type of loans became scarce and the decree of December 30, 1923, was enacted as an attempt to remedy the situation. This decree stipulated that agricultural credit institutions could be authorized to issue agricultural debentures for the granting of land-agricultural improvements or long-term loans. The decree also stipulated, as an encouragement for both the lenders and the buyers of debentures, that the rate of interest on these loans should be lower than that paid on the debentures, with the State contributing the difference to the extent of 2.5 percent. This State subsidy amounted to 4,000,000 lire for the fiscal year 1924-25, and was to be increased by 4,000,000 lire every year until the annual subsidy should reach 40,000,000 lire. In the case of loans made to disabled veterans for the acquisition of small holdings, the government contribution toward the payment of the interest was 3 percent, that of the National Association of Disabled Veterans 1 percent, and that of the National Veterans' Association 0.5 percent. n/

AGRICULTURAL CREDIT IN ITALY, CONT'D

Despite these facilities and subsidies, land-agricultural improvement (long-term) loans did not develop as expected. A general reform was again demanded, and early in 1927 the Government set to work on a new project. Thus, the second stage, what may be rightly considered as the experimental phase in the development of Italian agricultural credit, came to a close after some 40 years of almost continuous legislation.

Agricultural credit in Italy since 1927

The principal innovation brought about by the decree-law of July 29, 1927, was the division of agricultural loans into two types (instead of the three instituted by the decree of April 9, 1922), clearly defined as to methods of application and use. The new reform brought more clarity into the system by eliminating the difficulty arising from the use of "agricultural improvement" and "land-agricultural improvement" loans and by stipulating that all agricultural credit operations should come under one of the following two types of loans:

- (1) Loans for "current cultivation needs" (short-term loans).
- (2) "Improvement loans" (including both the medium- and the long-term loans).

The decree-law of July 29, 1927, which brought about this innovation also divided the agricultural credit institutions into two groups: Those which, by nature of their set-up and operations, can better handle loans for current cultivation needs and those which are more adapted to the granting of improvement loans. In the first group were included the small agricultural credit companies and associations, while under the second group came the savings banks, land banks, credit institutions with or without the cooperative feature, agricultural credit institutions legally constituted, the National Veterans' Association, and the National Institute of Social Insurance. Italy was thus divided into ten regions in each of which a special credit institution was empowered to effect agricultural credit operations. The following list gives the names of the so-called "special" institutions and the regions in which they operate: a/

- (1) In the three Venetian provinces, Agricultural Credit Section of the Federal Institute of the Savings Banks of the Venetian Provinces; and for agricultural long-term improvement credit, also the Section of Agricultural Credit of the Mortgage Credit Institute for the Venetian Provinces; headquarters at Venice.

a/ G. Costanzo, op. cit., pp. 432-433. This list does not include the National Bank of Labor and the National Consortium for Agricultural Improvement Credit which are considered further on in this study. The former is empowered by law to make loans for both current cultivation needs and improvements over all of Italy, whereas the latter has that power only with regard to improvement loans.

AGRICULTURAL CREDIT IN ITALY, CONT'D

(2) In Lombardy, the Agricultural Credit Section of the Savings Banks of the Lombard Provinces, with which may be associated the savings banks and the institutions empowered to effect agricultural credit operations in the same provinces; headquarters, Milan.

(3) In Piedmont, the Federal Institute of Agricultural Credit for Piedmont, formed by the Institute of Benevolent Institutions of S. Paul (Istituto delle Opere Pie di S. Paolo), the savings banks and the institutions empowered to carry on agricultural credit operations in Piedmont; headquarters, Turin.

(4) In Liguria, Federal Institute of Agricultural Credit for Liguria, headquarters, Imperia.

(5) In Emilia and Romagna, the Agricultural Credit Section instituted at the Savings Bank of Bologna, with which are associated the savings banks and the Federal Institute of the Province of Ferrara for the effecting of agricultural credit operations; headquarters, Bologna.

(6) In Tuscany, the Federal Institute of Agricultural Credit, formed by the Monte dei Paschi of Siena, the savings banks and institutions empowered to effect agricultural credit operations in Tuscany; headquarters, Florence.

(7) In the provinces of the Marche, Umbria, and Latium, the Agricultural Credit Institute for Central Italy; headquarters, Rome.

(8) In the provinces of the Abruzzi, Molise, Campania, Apulia, Lucania, and Calabria, the Agricultural Credit Section of the Bank of Naples; headquarters, Naples.

(9) In Sicily, the Agricultural Credit Section of the Bank of Sicily; headquarters, Palermo.

(10) In Sardinia, the Agricultural Credit Institute for Sardinia; headquarters, Sassari.

Loans for current cultivation needs (Credito agrario di esercizio):
Article 2 of the decree-law of July 29, 1927, considers as coming under the heading of current cultivation needs all loans made: a/

(1) For general farming and the utilization, manipulation, and transformation of farm products.

(2) For the purchase of livestock and farm machinery.

a/ Luigi Saracino, "La Tecnica Degli Istituti di Credito Agrario," Milan, 1931, pp. 3-4.

AGRICULTURAL CREDIT IN ITALY, CONT'D

- (3) On warehouse receipts. a/
- (4) In favor of agricultural associations:
 - (a) For the purchase of the members' farm requirements.
 - (b) For advances to members in the case of utilization, transformation, and joint sale of their products.

Loans coming under (1), (2), and (3) may be granted either to individuals or to associations formed under a legitimate title.

All loans for current cultivation needs may be made either in cash, or in kind, although the latter is especially recommended to make sure that the loans are actually applied to agricultural purposes.

To obtain a loan for current cultivation needs, the farmer signs an agricultural note (cambiale agraria) indicating: b/

- (1) The purpose of the loan.
- (2) The farm to which it relates.
- (3) The security backing it.

Loans for general farming fall due at harvest time or after the processing of the products on the farm. In case the borrower is unable to sell his products at a profit after the harvest, he may obtain only one extension for a period of six months. The products of the harvest constitute the necessary security for these loans and the lender has a priority claim against whoever occupies, manages, or cultivates the farm within the year in which the loan may fall due. In the case of crop failure, this right of the lender is transferred to the crops of the succeeding year, provided, of course, that the borrower continues to farm the land. The law also stipulates that the claim of the lender has priority over every other claim (with the exception of those for legal expenses) so that it must be settled even before the payment of taxes or other State charges and, when the borrower is a tenant, before the payment of his rent. In case the loan is made for the utilization or processing of a farm product, the lender's priority claim is confined to the product thus utilized or processed.

Loans for the purchase of farm machinery, draft animals, or other livestock are repayable in annual installments not exceeding five.

a/ Loans on warehouse receipts are granted to growers only in the case of a delayed sale or failure to sell the products and must not exceed 60 percent of the current value of the goods stored.

b/ Luigi Saracino, op. cit., pp. 3-4.

AGRICULTURAL CREDIT IN ITALY, CONT'D

Besides the usual farmer's note, the security in this case is the prior right to the farm machinery or livestock purchased with the borrowed funds.

Loans on warehouse receipts fall due when the sale of the products can be effected without loss to the producers. As a security for these loans, the law requires that the products on which the loan is to be made shall be stored in public or private warehouses.

In the case of loans to agricultural associations for the purchase of members' farm requirements, they fall due within a period of 6 months. However, the law provides that, if the loan is not paid at the end of that period, it may be taken up, wholly or in part, by means of notes signed by the individual members. The granting of these loans requires no special security outside of the agricultural note.

The interest rate on loans for current cultivation needs, from the beginning of 1928 to March 1935 has averaged as follows: a/

1928, from 6 to 7 percent;	1932, from 5 1/2 to 6 1/2 percent;
1929, " 7 1/2 to 8 1/2 percent;	1933, from 4 1/2 to 5 1/2 percent;
1930, " 6 " 7 " ;	1934, " 3 1/2 " 4 1/2 " ;
1931, " 7 1/2 " 8 1/2 " ;	1935 (3 months), from 4 1/2 to 5 1/2 percent.

With the advent of the depression, the Government adopted measures to aid those securing loans for current cultivation needs in the repayment of their debts. The decree-law of May 15, 1931, authorized such borrowers to repay, in 5 yearly installments, all loans still outstanding on April 15, 1931. Moreover, the State contributed to the repayment of part of the interest up to a maximum of 3.15 percent. b/ Debtors with loans amounting to some 200,000,000 lire made use of these relief measures. c/

In the case of wheat growers, the savings banks and all institutions authorized to grant agricultural credit were requested to make loans to producers on the pledge of their products at low rates of interest. Whenever wheat was stored in a public warehouse, the farmer borrowed on his warehouse receipt. In localities where there were no public warehouses, the credit institutions either required that the farmer's note bear another signature, or accepted his note with, as security, his wheat stored on the farm and guaranteed by the local agricultural association. During the crop year 1932-33, and as a result of this measure, wheat producers were able to borrow 536,309,000 lire at low rates of interest

a/ Information received in the Foreign Agricultural Service Division from H. C. Taylor, permanent delegate of the United States at the International Institute of Agriculture in Rome, on April 11, 1935.

b/ In special cases, left to the discretion of the Government, this state contribution reached 3.5 percent.

c/ G. Nicotra, "Le Crédit Agricole en Régime fasciste" in *Les Progres de L'Agriculture Italienne en Régime Fasciste*, Ministry of Agriculture and Forestry, Rome, 1934, pp. 104-5.

AGRICULTURAL CREDIT IN ITALY, CONT'D

on 23,666,379 bushels of wheat. In 1933-34, 354,646,000 lire were advanced to wheat producers on 17,504,522 bushels of wheat. a/

Agricultural improvement loans (Credito agrario di miglioramento):
The decree-law of July 29, 1927, considers as improvement loans all loans granted for any of the following agricultural improvement operations: b/

- (1) The development of farm enterprises and cultural changes.
- (2) The construction of rural roads.
- (3) The leveling and terracing of agricultural lands.
- (4) The construction of wells and stock drinking troughs, as well as walls, fences, and other means of enclosing farms.
- (5) The construction and conditioning of rural buildings for the housing of farm laborers, storage buildings for farm products, as well as barns.
- (6) The construction of water works for drinking, irrigation, and drainage purposes.
- (7) The development of rural electrification, the prevention of soil erosion, reforestation projects, or any measure directed toward the permanent improvement of agricultural land.
- (8) The purchase of plots for the development of small farm holdings.
- (9) The payment of rents and other charges due and the conversion of any mortgages incurred for the purpose of permanent improvement of agricultural lands.
- (10) The construction and conditioning of rural buildings for the collective storage and distribution of farm products.

Improvement loans are granted on production of a mortgage certificate or any other security approved by the lending institution. The amount of these loans cannot exceed 60 percent of the value of the farm as estimated before the initiation of improvements, and are repayable within a maximum period of 30 years, in half-yearly installments including capital, interest, and subsidiary charges. Whereas the general rule is to grant improvement loans on production of a mortgage certificate, in exceptional cases (left to the discretion of the lending institution), the farmer's

a/ Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno D'Italia, Rome, 1935, 4th Series, Vol. II, p. 198.

b/ Luigi Saracino, op. cit., pp. 12-13.

AGRICULTURAL CREDIT IN ITALY, CONT'D

note and the agreed lien are used for security, provided the repayment of the loan is made within 5 years. Also, in case the loan is not fully repaid at the expiration of that period, the balance due can be transformed into a mortgage loan repayable at a longer period.

The interest rate on improvement loans has usually been from 0.5 percent to 1 percent lower than that on loans for current cultivation needs (see page 310). At present, the interest rate on improvement loans averages 4 percent. However, as an aid to persons securing improvement loans from the 13 "special" agricultural credit institutions, the Italian Government contributes 2.5 percent toward the payment of the interest. a/ And, since the greatest percentage of improvement loans made in Italy is granted by these 13 institutions (see table on page 322), it is safe to state that the interest rate actually paid by persons securing such loans is only 1.5 percent. Besides this interest, however, the borrower must pay the administrative expenses, which vary between 1.3 and 1.5 percent.

Another measure to aid persons having secured improvement loans at high rates of interest during boom years was introduced by the decree-law of July 24, 1930. This decree-law (amended by that of July 22, 1932) provided that farmers and consortia for land reclamation and irrigation having contracted such loans from January 1, 1922, to December 31, 1928, might be granted special long-term loans, repayable in 25 years, in replacement of the original debt. b/ Moreover, the State contributes to the repayment of these loans to the extent of insuring that the annual charge for amortization and interest to be paid by the borrower does not exceed 7.5 percent. Agricultural debtors have made an extensive use of the facilities accorded by these decree-laws, as more than 1,250 applications for extension were considered for a total sum of some 250,000,000 lire. c/

National Consortium for Agricultural Improvement Credit (Conzorzio Nazionale per il Credito Agrario di Miglioramento): The decree-law of July 29, 1927, stipulated that, if funds for the granting of improvement loans by the special agricultural credit institutions became low, the latter could not have recourse to the issue of debentures. Instead, a National Consortium for Agricultural Improvement Credit would be created to help provide these funds. Such a Consortium was created on January 25, 1928, with the view of supplying funds for large scale land improvements and for the more important reclamation and irrigation operations. Thus, leaving the bulk of credit for production requirements and minor farm

a/ In the case of agricultural improvement works in the provinces of Ferrare, Mantova, and Rovigo, this State contribution is 3.5 percent. A similar contribution of 3.5 percent is also granted to disabled veterans (throughout Italy) who wish to secure loans for the acquisition of small holdings. G. Nicotra, op. cit., pp. 102-7.

b/ The decree of April 30, 1934, extended this repayment period to 50 years,

c/ G. Costanzo, op. cit., p. 435.

AGRICULTURAL CREDIT IN ITALY, CONT'D

improvements to the special and other agricultural credit institutions discussed above, the National Consortium for Agricultural Improvement Credit specializes in loans for large-scale agricultural improvements. This credit company was formed with a capital of 270,000,000 lire (on December 31, 1934, it was 269,500,000 lire) made up of a State contribution and of advances by 53 institutions, including the large credit institutions, the savings banks, and the principal insurance companies. a/

The Consortium operates under strict State supervision. Of the 9 members of the Board of Directors nominated by the participating credit institutions, the Chairman and three members (forming the Executive Committee) are appointed by decree of the Ministries of Agriculture and Finance.

Improvement loans granted by the Consortium are made against securities on real property having an estimated value of more than twice the amount of the loans requested. The latter are repayable in half-yearly installments within a period not exceeding thirty years. The Consortium is authorized to issue agricultural debentures for the financing of such loans. These debentures are repayable within five years of the date of issue, and their face value must not exceed the amount of the outstanding loans for which they were issued.

The development of the credit operations of the National Consortium for Agricultural Improvement Credit can be judged from the fact that from its establishment in 1928 to the end of 1933 it received 1,869 loan applications for a total amount of 2,664,011,088 lire. However, only 843 loans were granted during that period for a total amount of 834,606,187 lire, made up as follows:

246,302,567 lire	for rural buildings;
157,341,575 "	for irrigation projects;
115,590,683 "	for minor improvements on farms, the owners of which have deserved well of the State;
98,378,303 "	for minor land improvements;
97,485,974 "	for conversion of agricultural debts contracted on burdensome terms;
81,688,781 "	for developing farm enterprises;
37,818,304 "	for rural road construction. <u>b/</u>

Credit operations of the various institutions: At present the 2 types of agricultural loans discussed above are granted by the 2 following groups of credit institutions:

(1) The "special" agricultural credit institutions mentioned on page 307, as well as the National Consortium of Agricultural Improvement

a/ G. Acerbo, op. cit., pp. 137-139.

b/ G. Costanzo, op. cit., p. 434.

AGRICULTURAL CREDIT IN ITALY, CONT'D

Credit and the Bank of Labor, ^{a/} all of which are subsidized by the Government and operate under its strict supervision.

(2) The "authorized" credit institutions, which numbered 155 at the end of 1932. These comprise 2 groups: (a) Some of the large cooperative credit institutions, which are somewhat free from Government control; and (b) any credit institution which is willing to grant agricultural loans in accordance with the stipulations of the various laws enacted to that effect.

An analysis of the table on page 322 shows clearly that:

(1) While both current cultivation and improvement loans have increased since the reform of 1927, the increase has been more pronounced in the case of improvement loans.

(2) At present, the "special" institutions (not including the Bank of Labor or the National Consortium) divide their credit operations almost equally between current cultivation and improvement loans.

(3) The Bank of Labor deals mainly in loans for current cultivation needs, whereas the National Consortium specializes in improvement loans.

(4) The "authorized" institutions have increased their agricultural credit operations since 1928, and specialize mainly in loans for current cultivation needs.

The preceding discussion of Italian agricultural credit shows that the system has been created by State action and financed by State subsidy, and that almost every step of its development has been made under Government supervision. The legislative process of which the system is the outcome is still going on. Changes in the system are taking place as often as new economic developments occur or affect the Italian countryside. While this flexibility or facility of adaptation to new conditions is a valuable asset that the French agricultural credit system does not possess, it makes the study of the system difficult for anyone who attempts to keep up with it.

Cooperative Agricultural Credit

In Italy at the present time, cooperative agricultural credit is handled mainly by two types of institutions: (1) The People's Banks

^{a/} In 1929, the National Bank of Labor and Cooperation (Banca Nazionale del Lavoro e della Co-operazione) was reorganized into the National Bank of Labor (Banca Nazionale del Lavoro). It is a public credit institution and aims to grant loans to small producers and wage-earners, co-operative institutions of all kinds and public bodies. The capital of the Bank is 160,000,000 lire of which the Italian Government has contributed 149,700,000 lire and other institutions 10,300,000 lire. (N. Barou, "Co-operative Banking," London, 1932, p. 246.)

AGRICULTURAL CREDIT IN ITALY, CONT'D

(banche popolari) of urban origin modeled on the Schulze-Delitzsch plan, but with limited liability; and (2) the rural credit associations (casse rurali) of the Raiffeisen type with unlimited liability. a/ Neither type of institution accepts any government subsidy. However, the People's Banks enjoy more freedom in their organization and the handling of their credit operations than do the Casse Rurali, which, since 1932, have come under strict government supervision.

People's Banks (Banche popolari)

History: A student of Schulze-Delitzsch, the father of German co-operative credit, Luigi Luzzatti, sought to help the small rural and urban borrowers of Italy by introducing into his country a cooperative credit system based on the German idea but adapted to Italian conditions. Thus, his aim was to form cooperative banks from savings of the lower middle class (both rural and urban) of the nation and to use such funds for loans to persons from the same group of the population. The principle guiding the activities of the Italian People's Banks is the same as that of the German Schulze-Delitzsch banks. However, whereas the Schulze-Delitzsch system is based on shares of large denominations and on the members' unlimited liability, the Luzzatti People's Banks are formed on the principle of limited liability and small shares payable in installments.

Luzzatti formed his first People's Bank in 1863 in the city of Lodi, near Milan. The initial capital of this bank was 140 lire (about \$28) of which he contributed 100 lire (about \$20), thus becoming the heaviest shareholder. In 1866, he formed in Milan his second People's Bank, which is today one of the strongest financial institutions of Italy. By 1908 there were 736 People's Banks operating in all of Italy with a membership of over 500,000. At the end of that year, their capital and reserves amounted to about \$31,000,000 and their deposits to \$200,000,000. Their total credit operations during that year amounted to some \$320,000,000, of which about \$100,000,000 represented loans to farmers. b/

At the end of 1931, there were 531 People's Banks operating in Italy (this decrease from the number previously indicated is due to the fact that many of the small banks had merged with the stronger ones). Their paid-up capital was 339,900,000 lire, with reserves amounting to 324,500,000 lire, deposits to the amount of 4,681,600,000 lire, and notes in hand to the amount of 2,895,300,000 lire. c/

a/ In 1890, Don L. Cerruti organized the first Catholic Rural Credit Association (Casse rurali cattoliche). These associations are patterned on the Wollenborg type (discussed on page 317), except for their being denominational. They have developed more rapidly than the original Wollenborg associations, which they exceed both in number and in credit operations. However, since 1932, they have been classified with the other type under the single heading of Casse rurali. (Karl Walter, "Co-operation in Changing Italy," London, 1934, p. 63)

b/ Henry W. Wolff, "People's Banks," London, 1919, pp. 217-227.

c/ "Year Book of Agricultural Co-operation," London, 1934, p. 242.

AGRICULTURAL CREDIT IN ITALY, CONT'D

It is important to note that, since the membership of the People's Banks is composed mainly of laborers, artisans, clerks, and farmers, their credit operations have had their greatest development in the richer and more populated regions of northern Italy. It is in that section of the country that are found today the strongest banks of the system. In the south, the People's Banks are not as powerful and their activities are confined mainly to the rural districts.

Organization and credit operations of the People's Banks: What urged Luzzatti to form his first People's Bank was the fact that within the vicinity of the great savings banks and charitable lending institutions laborers and farmers were victims of the extortionate practices of usurers. His object was to encourage saving among these groups of the lower middle class and to extend or find credit for them. In order to get the poor farmers and laborers to join his cooperative banks, Luzzatti insisted that the shares of the banks be as small as 5 lire without ever exceeding 100 lire. Thus, in the poor districts, the value of the shares varies between 5 and 10 lire. For this reason the People's Banks do not rely on their capital for their lending operations and consider it mainly as a guarantee fund for the deposits made by the members. These deposits are the main source of funds for the granting of loans, the remainder coming from the rediscounting of members' notes. The shares of the banks are payable in monthly installments and the liability of the members is limited to the value of their subscribed shares only. The character of an applicant for admission must be indorsed by two members.

Annual meetings of the members are held once a year, although special meetings may be called by one fifth of the members. The board of directors is the supreme body governing the activities of the bank. It is elected by the annual meeting of members and one third is renewed each year. In small banks, the board of directors is made up of 7 members, whereas in the large ones it can reach 140. The chairman of the board is the president of the bank. There is also a discount committee consisting of from 5 to 40 members, according to the size of the bank, who remain in office for 2 years. This committee meets every week to pass upon the applications for loans and no loan may be granted or bill discounted except with the approval of a majority.

The business of the People's Banks includes all kinds of banking transactions. They may receive deposits from outsiders and extend credit to non-members who are needy and worthy of their help. Mortgages on real estate are not favored and pledges of personal property are avoided as much as possible. The preferred security is the indorsement of one or two members, since the "capitalization of honesty" is the basis on which Luzzatti has built his People's Banks. Loans are granted for very short periods, usually 3 months, with the privilege of one or two renewals upon making partial payments. The maximum period allowed farmers is one year and their application must specify the use to which the loan is to be applied.

AGRICULTURAL CREDIT IN ITALY, CONT'D

Depositors in a People's Bank, whether members or outsiders, receive only the legal rate of interest. The rate of interest on loans is fixed by the board of directors of the bank and is usually a little lower than that charged by other credit institutions in the same region.

Of the 531 People's Banks operating in Italy in 1931, the most important were those of Novara, Milan, Cremona, Bergamo, Lodi, Mantova, and Pavia.

Rural Credit Associations (Casse Rurali)

The first Cassa Rurale was organized in 1883 by Leone Wollemborg in Loreggia, near Padua. During that year, there were 139 of Luzzatti's People's Banks already operating in Italy, but only a very few of their 115,000 members were farmers. Usury was as rampant in rural Italy as ever and Wollemborg hoped to eradicate it by forming and multiplying his rural credit associations. Following the original Raiffeisen plan, he formed his credit associations with no shares or capital stock. No dividends were paid and all profits were turned into the reserve which was owned by the association and in which no member had any right. The unlimited liability of members prevailed. All loans, no matter what their duration, were granted only by successive renewals of three months.

At the end of 1931, there were 2,233 rural credit associations of the Wollemborg cooperative type, i.e., with unlimited liability, operating in Italy. Of these, 2,031 held deposits amounting to 1,158,300,000 lire and had notes for an amount in excess of 516,000,000 lire on which loans had been made. a/

Up to the middle of 1932, these rural credit associations had been operating according to the principle originally set by Wollemborg in 1883. This, however, was changed by the law of June 6, 1932, which laid down new rules for their organization and the handling of their credit operations. b/ Under the terms of this law, the use of the name Cassa Rurale is forbidden except for properly constituted cooperative associations whose main object is credit. Farmers, farm laborers, and artisans must constitute at least four fifths of the membership of the association. The number of members must be at least 40 and the capital of new associations cannot be lower than 30,000 lire. In case the number of members in an association falls below 40, it must be made up to that figure within a year or else the association must be liquidated.

According to the law of June 6, 1932, rural credit associations are authorized to grant loans for current cultivation needs and may be authorized by special decree to make loans for agricultural improvements. They can carry on ordinary credit operations to an amount not exceeding 25 percent of the assets handled. They must employ their available funds preferably for the benefit of their members. The annual meeting of the members

a/ "Year Book of Agricultural Co-operation," London, 1934, p. 241.

b/ Karl Walter, op. cit., p. 64.

AGRICULTURAL CREDIT IN ITALY, CONT'D

fixes each year the maximum credit which can be granted to any one borrower. The associations cannot receive deposits other than in cash. Ten percent of the latter must be deposited on interest-bearing current account with the Bank of Italy, or with other institutions specifically named. Funds in excess of the requirements of any association must also be deposited with the same institutions. Nine tenths of the annual net profits must go to the formation and maintenance of a reserve fund until the latter becomes equal to at least one tenth of the amount of deposits of all kinds received. Sixty percent of the reserve funds must be invested in Government securities or securities guaranteed by the State. The associations are subject to the supervision of the Ministry of Agriculture and Forests.

ITALY: Distribution of improvement loans made by the 13
"special" agricultural credit institutions,
according to purposes for which granted,
1929-1934

Year	Construction of rural buildings		Leveling of land		Road building	
	Number	Thousand lire	Number	Thousand lire	Number	Thousand lire
1929..	3,555	130,083	1,009	61,388	68	8,507
1930..	3,232	123,917	1,081	34,183	65	11,654
1931..	1,939	81,052	1,244	39,426	121	5,769
1932..	1,418	46,606	739	37,550	13	1,673
1933..	1,233	43,533	738	63,687	12	2,663
1934..	1,077	32,291	1,289	71,236	4	13,266
	Irrigation operations		New farm enterprises		Total a/	
	Number	Thousand lire	Number	Thousand lire	Number	Thousand lire
1929..	914	88,487	3,203	59,778	8,942	348,243
1930..	573	37,516	4,391	53,451	9,583	260,721
1931..	319	42,797	2,775	36,432	6,510	205,476
1932..	254	19,729	2,257	20,940	4,843	126,498
1933..	312	15,872	1,763	14,275	4,205	140,030
1934..	300	21,755	1,821	13,917	4,627	152,465

Compiled from Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno d'Italia, Rome, 1935, 4th Series, Vol. II, p. 198.

a/ The total number of loans does not agree with the sum of the numbers in the various columns as in some cases agricultural credit institutions handed in statistics for total number of loans without specifications as to purposes for which they were granted.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Total credit operations of mortgage companies, 1870 to 1934 ^{a/}

Year	No. of mortgage Co. Dec. 31	Value of mortgage security on Dec. 31	Value of debentures in circulation Dec. 31	Value of mortgage loans					
				Made during year			In existence Dec. 31		
				On rural property	On urban property	Total	On rural property	On urban property	Total
		Million lire	Million lire	Million lire	Million lire	Million lire	Million lire	Million lire	Million lire
1870..	6		36			17			35
1880..	8		242			32			242
1890..	9		742			83			726
1900..	5		316			22			340
1910..	7		436			74			458
1920..	7		598			44			615
1925..	11	2,580	1,330			305			1,366
1926..	11	2,910	1,630			389			1,699
1927..	11	4,065	2,056			518			1,099
1928..	11	5,400	2,803	378	493	871	1,229	1,632	2,861
1929..	11	7,254	3,691	408	587	995	1,553	2,162	3,715
1930..	12	8,855	4,488	353	648	1,001	1,839	2,724	4,563
1931..	13	10,251	5,270	406	582	988	2,085	3,241	5,326
1932..	12	11,311	5,790	384	454	838	2,308	3,432	5,740
1933..	12	12,025	6,138	397	626	1,023	2,436	3,553	5,989
1934..	12	12,312	6,103	396	885	1,281	2,391	3,745	6,136
Companies in receivership									
1923..	4	---	95			---			61
1924..	4	---	87			---			55
1925..	4	---	81			---			51
1926..	4	---	74			---			46
1927..	4	---	67			---			43
1928..	3	94	62			---			37
1929..	3	85	57			---			34
1930..	3	77	52			---			33
1931..	3	71	45			---			30
1932..	4	77	40			---			31
1933..	4	72	35			---			29
1934	4	65	30			---			22

Compiled as follows: Up to 1927, inclusive, from Giacomo Acerbo, "Storia ed Ordinamento del Credito Agrario nei Diversi Paesi" Federazione Italiana dei Consorzi Agrari, Piacenza, 1929, p. 141. From 1928 to 1933, from Bolletino Mensile di Statistica, Istituto Centrale di Statistica del Regno d'Italia, Rome, April 1935. For 1934, Annuario Statistico Italiano, Rome, 1935, Vol. II, p. 199.

^{a/} In comparing the prewar and postwar figures of this table, the change in value of the lira should not be overlooked.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Number and value of loans made by Italian mortgage companies, annual, 1930-1934

Item and year	Rural	Urban	Total	Percentage of total	
				Rural	Urban
Number	Number	Number	Number	Percent	Percent
1930.....	2,406	3,869	6,275	33.3	61.7
1931.....	2,432	3,872	6,304	38.6	61.4
1932.....	2,001	3,103	5,104	39.2	60.4
1933.....	1,779	3,303	5,082	35.0	65.0
1934.....	2,223	4,802	7,025	31.6	68.4
Total.....	10,841	18,949	29,790	36.4	63.6
Value	Million lire	Million lire	Million lire	Percent	Percent
1930.....	353.2	647.6	1,000.8	35.3	64.7
1931.....	405.6	582.4	988.0	41.1	58.9
1932.....	383.7	454.4	838.1	45.8	54.2
1933.....	397.3	625.3	1,022.6	38.9	61.1
1934.....	414.8	948.3	1,363.1	30.4	69.6
Total.....	1,954.6	3,258.0	5,212.6	37.5	62.5

Compiled from Bollettino Mensile di Statistica, Istituto Centrale di Statistica del Regno D'Italia, Rome, April 1935.

ITALY: Average value of individual loans made by Italian mortgage companies, 1930-1934

Year	Rural	Urban	Total
	Thousand lire	Thousand lire	Thousand lire
1930.....	147	167	159
1931.....	167	150	157
1932.....	192	146	164
1933.....	223	189	201
1934.....	187	197	194
5-year average....	180	172	175

Compiled from Bollettino Mensile di Statistica, Istituto Centrale di Statistica del Regno d'Italia, Rome, April 1935.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Credit activities of each of the 12 mortgage companies in operation for year ended December 31, 1934

Name of company	Value of mortgage security on Dec. 31	Value of debentures in circulation Dec. 31	Value of mortgage loans					
			Made during year			In existence Dec. 31		
			On rural prop-erty	On urban prop-erty	Total	On rural prop-erty	On urban prop-erty	Total
Credito fondiario della Cassa di risparmio di Bologna	Mil-lion lire 646	Mil-lion lire 457	Mil-lion lire 39	Mil-lion lire 40	Mil-lion lire 79	Mil-lion lire 234	Mil-lion lire 214	Mil-lion lire 448
Credito fondiario della Cassa di risparmio di Milano	3,039	1,535	141	460	601	458	1,061	1,519
Istituto di credito fondiario delle Venezie, Verona	1,759	1,392	96	51	147	857	559	1,416
Credito fondiario Sardo, Roma	393	179	6	7	13	87	88	175
Istituto italiano di credito fondiario, Roma	1,928	785	71	161	232	288	506	794
Credito fondiario del Monte dei Paschi, Siena	1,436	528	16	21	37	219	303	522
Credito fondiario dell'Istituto San Paolo, Torino	1,985	670	4	62	66	121	543	664
Istituto di credito fondiario del Friuli Orientale, Gorizia	51	22	3	2	5	7	14	21
Istituto di credito fondiario della Regione Tridentina, Trento	93	70	6	7	13	43	26	69
Sezione autonoma di credito fondiario della Banca Nazionale del Lavoro, Roma..	588	381	6	49	55	45	352	397
Sezione di credito fondiario del Banco di Napoli	357	71	6	23	29	24	70	94
Sezione di credito fondiario del Banco di Sicilia	37	13	2	2	4	8	9	17
Total	12,312	6,103	396	885	1,281	2,391	3,745	6,136

Position of the four mortgage companies in receivership

Credito fondiario della Banca Nazionale	32	12						11
Credito fondiario del Banco di Napoli	14	13						7
Credito fondiario del Banco di Sicilia	17	5						4
Credito fondiario Latino, Roma	2							-
Total	65	30						22

Compiled from Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno d'Italia, Rome, 1935, 4th Series, Vol. II, p.199.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Total agricultural credit operations at the end of the years 1923 to 1934 a/

End of year	Loans for current cultivation needs				Grand total
	Special institutions <u>b/</u>	Bank of Labor	Authorized institutions <u>c/</u>		Credits for current cultivation needs
	Million lire	Million lire	Number of institutions	Amount	Million lire
1928.....	525	74	126	103	702
1929.....	585	50	145	248	883
1930.....	474	48	150	219	741
1931.....	505	41	152	192	738
1932.....	554	36	155	264	854
1933.....	609	49		291	949
1934.....	551	38		315	904
	Loans for improvements				Grand total
	Special institutions <u>b/</u>	National Consortium	Bank of Labor	Authorized institutions <u>b/</u>	Credits for improvements
	Million lire	Million lire	Million lire	Million lire	Million lire
1928.....	218	17	6	7	248
1929.....	385	208	7	14	614
1930.....	418	314	4	15	751
1931.....	462	411	2	16	891
1932.....	519	469	3	8	999
1933.....	572	560	2	9	1,143
1934.....	587	704	1	12	1,304

Compiled from Bollettino Mensile di Statistica, Istituto Centrale di Statistica del Regno d'Italia, Rome, April 1935.

a/ Aside from farm mortgage credit, but including operations of some cooperative credit institutions.

b/ Only 11 institutions: i.e., not including the National Consortium for Agricultural Improvement Credit and the Bank of Labor, the figures for which are separately shown.

c/ Not including the intermediate or small credit organizations.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Distribution by regions of the agricultural credit operations at the end of December 1933 and 1934

Regions	Credits for current cultivation needs		Credits for improvements	
	1933	1934	1933	1934
	Thousand lire	Thousand lire	Thousand lire	Thousand lire
Piedmont.....	58,286	57,090	40,891	39,710
Liguria.....	1,333	1,256	33,953	33,221
Lombardy.....	113,826	139,391	83,602	92,869
Venetia.....	203,252	171,923	261,671	272,896
Emilia and Romagna	157,654	139,773	139,792	162,770
Tuscany.....	41,172	45,915	74,701	85,143
The Marche.....	20,436	28,616	29,850	33,012
Umbria.....	24,549	23,915	38,203	41,644
Latium.....	37,446	33,639	98,082	144,158
Abruzzi and Molise	24,430	16,739	18,946	19,639
Campania.....	18,178	15,378	33,900	45,687
Apulia.....	65,649	55,645	56,796	65,795
Lucania.....	18,672	12,919	14,569	14,095
Calabria.....	16,775	13,072	59,174	67,113
Sicily.....	122,438	124,579	101,625	112,953
Sardinia.....	24,963	23,956	56,933	72,857
Total.....	949,059	903,806	1,142,688	1,303,562

Compiled from Annuario Statistico Italiano, 1934, Vol. I, and Bollettino Mensile di Statistica, Istituto Centrale di Statistica del Regno d'Italia, Rome, April 1935.

ITALY: Loans granted to wheat producers by the agricultural credit institutions, crop year 1933-34

Region	Wheat used as security	Amount of advances made	Region	Wheat used as security	Amount of advances made
	Thousand bushels	Thousand lire		Thousand bushels	Thousand lire
Piedmont.....	287	5,662	Central Italy.....	2,388	48,725
Lombardy.....	2,388	56,402	Southern Italy....	1,077	24,778
Venetia.....	3,285	61,767	Sicily.....	2,521	55,829
Emilia and Romagna	3,884	68,277	Sardinia.....	51	1,394
Tuscany.....	1,198	23,670	Other.....	426	8,142
			Total.....	17,505	354,646

Compiled from Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno d'Italia, Rome, 1935, 4th Series, Vol. II, p. 198.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Principal assets of the 13 "special" agricultural credit institutions as of December 31, 1934

Institution	Cash on hand	Deposits in bank	Investments in stocks, bonds, and real estate	Current assets	Loans for improvement
	Thousand lire	Thousand lire	Thousand lire	Thousand lire	Thousand lire
Consorzio nazionale per il credito agrario di miglioramento.....	-	21,058	34,487	-	704,311
Banca nazionale del lavoro...	-	-	-	38,246	1,240
Istituto federale di credito agrario per il Piemonte.....	130	1,551	-	49,518	17,270
Sezione di credito agrario dell'Istituto federale delle Casse di Risparmio delle Venezie.....	78	21,089	-	165,956	38,026
Istituto di credito fondiario delle Venezie (Sez. Cred. Agr.).....	4	-	439	-	204,769
Sezione di credito agrario della Cassa di Risparmio delle provincie lombarde	6,098	-	-	84,474	36,015
Istituto di credito agrario per la Liguria.....	73,317	558	1,344	1,131	12,004
Istituto federale di credito agrario per la Toscana.....	-	1,061	2,814	3,614	40,131
Sezione di credito agrario per l'Emilia e la Romagna della Cassa di Risparmio di Bologna.....	-	6,085	40	6	15,536
Istituto di credito agrario per l'Italia Centrale.....	2,489	4,125	7,777	44,316	19,028
Sezione di credito agrario del Banco di Napoli.....	-	34,056	3,553	107,619	104,935
Sezione di credito agrario del Banco di Sicilia.....	-	-	568	71,865	63,502
Istituto del credito agrario per la Sardegna.....	717	1,368	14,731	22,553	35,407

Compiled from Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno d'Italia, Rome, 1935, 4th Series, Vol. II, p. 197.

AGRICULTURAL CREDIT IN ITALY, CONT'D

ITALY: Principal liabilities of the 13 "special" agricultural credit institutions as of December 31, 1934

Institution	Capital stock	Reserves	Advances from State and others	Savings deposits	Debentures in circulation
	Thousand lire	Thousand lire	Thousand lire	Thousand lire	Thousand lire
Consorzio nazionale per il credito agrario di miglioramento.....	269,500	13,000	-	-	411,317
Banca nazionale del lavoro...	-	-	-	-	-
Istituto federale di credito agrario per il Piemonte.....	49,000	2,737	1,582	-	-
Sezione di credito agrario dell'Istituto federale delle Casse di Risparmio delle Venezie.....	56,000	9,433	112,478	-	-
Istituto di credito fondiario delle Venezie (Sez. Cred. Agr.).....	13,510	1,993	-	-	195,751
Sezione di credito agrario della Cassa di Risparmio delle provincie lombarde	100,000	1,342	-	-	-
Istituto di credito agrario per la Liguria.....	14,500	90	8,000	-	-
Istituto federale di credito agrario per la Toscana.....	50,000	2,056	1,581	-	-
Sezione di credito agrario per l'Emilia e la Romagna della Cassa di Risparmio di Bologna.....	17,525	731	1,560	-	-
Istituto di credito agrario per l'Italia Centrale.....	22,423	2,600	15,461	10,806	-
Sezione di credito agrario del Banco di Napoli	147,630	43,823	66,293	-	-
Sezione di credito agrario del Banco di Sicilia.....	65,047	-	-	962	-
Istituto del credito agrario per la Sardegna.....	20,000	2,238	50,400	-	-

Compiled from Annuario Statistico Italiano, Istituto Centrale di Statistica del Regno d'Italia, Rome, 1935, 4th Series, Vol. II, p. 197.

Index

	Page		Page
Late cables	286::	Oats:	
Crop and Market Prospects	241::	Area, England and Wales, 1935..	289
- - - - -	::	Production:	
AGRICULTURAL CREDIT, ITALY,	::	Belgium, 1935	289
1866-1935	296::	Estonia, 1935	289
Apples and pears, production	::	Specified countries, 1934, 1935.	289
prospects, France, Aug. 20, 1935..	293::	Turkey, 1935	289
Apricots, production prospects,	::	Potatoes:	
Syria, 1935	294::	Area and production:	
Barley:	::	Belgium, 1934, 1935	286
Area, England and Wales, 1935 ..	288::	Hungary, 1934, 1935	286
Production:	::	Rye:	
Belgium, 1935	288::	Area, Belgium, 1934, 1935	286
Estonia, 1935	288::	Production:	
Specified countries, 1934, 1935.	288::	Belgium, 1934, 1935	286
Turkey, 1935	288::	Specified countries, 1935	287
Corn:	::	Sugar beets:	
Production:	::	Area and production:	
Hungary, 1935	289::	Belgium, 1934, 1935	286
Rumania, 1935	289::	Hungary, 1934, 1935	286
Specified countries, 1934, 1935.	289::	Tobacco, area and production,	
Turkey, 1935	289::	Belgium, 1934, 1935	286
Cotton, textile situation,	::	Wheat:	
Europe, July 1935	292::	Area, Belgium, 1934, 1935	286
Flax (fiber), area and produc-		Export prospects, Russia, 1935..	288
tion, Belgium, 1934, 1935	286::	Harvesting conditions, Canada,	
Grains, harvesting operations,	::	August 1935	287
Russia, August 1935	289::	Sowing conditions, Argentina,	
Hops:	::	August 1935	287
Area:	::	Production:	
Belgium, 1934, 1935	286::	Belgium, 1934, 1935	286
England & Wales, 1934, 1935....	286::	Russia, 1935	288
Production, Belgium, 1934, 1935..	286::	Specified countries, 1934, 1935	287
Meat (pork), export prospects	::	Wool, textile situation, Europe,	
to U.K., Denmark, 1935	294::	July 1935	294